

## LBNL – PROCUREMENT STANDARD PRACTICES

Section: 16 Types of Subcontracts

Subject: 16.2 Blanket Subcontracts

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**PURPOSE:** This standard practice (SP) establishes the guidelines for issuing blanket subcontracts.

**POLICY:** Blanket subcontracts should be used to avoid the administrative cost of issuing multiple subcontracts and obtain quantity discounts when a recurring need for goods or services is anticipated.

**SCOPE:** This SP applies to all blanket subcontracts, as described below.

**Exception** This SP does not apply to architect-engineering or construction subcontracts.

### DEFINITIONS:

#### Blanket Subcontract

A blanket subcontract is a type of subcontract that:

- Permits Laboratory stocks to be maintained at minimum levels with direct shipments to users and provides flexibility in ordering quantities and scheduling deliveries;
- Provides for delivery of a definite quantity of specific goods or services for a fixed period with deliveries to be scheduled at designated locations upon placement of a release [Definite Quantity Indefinite Delivery (ID) type of subcontract];
- Provides for an indefinite quantity, within stated limits, of specific goods or services to be furnished during a fixed period [Indefinite Delivery Indefinite Quantity (IDIQ) type of subcontract]; or
- Provides for filling all Laboratory purchasing needs for specified goods or services by placing releases with the subcontractor during a specified subcontract period (Requirements-type of subcontract).

**Release** A release is a service or delivery order placed against a blanket subcontract.

### PROCEDURES:

#### Background

Blanket subcontracts should be used to avoid the administrative cost of issuing multiple subcontracts and to obtain quantity discounts when a recurring need for goods or services is anticipated. When considering whether to use a blanket subcontract for a particular good or service, the number of subcontracts required for the good or service should be determined. Product analysis, market analysis, and/or prior purchasing history should be used to determine if a blanket subcontract is advantageous to the Laboratory and should be awarded or extended. Consideration should be given to socioeconomic goals and the potential for award as a set-aside when identifying potential offerors. See Exhibit 16.2a, *Elements of Ordering Agreements*, for a comparison of the different ordering agreements.

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### Identifying a Blanket Subcontract Requirement

A blanket subcontract requirement is identified by requesters or, for Laboratory-wide requirements, by Procurement. Funds are normally obligated upon issuance of a release against a blanket subcontract.

### Common Elements of Blanket Subcontracts

**Subcontracts** — All blanket subcontracts must contain the following elements:

- A statement describing the types of goods or services that will be furnished to the Laboratory during the specified subcontract period;
- The total not-to-exceed value of the agreement;
- The effective date and term of the subcontract;
- The subcontract number;
- The item numbers, descriptions, quantities, and unit prices;
- A statement that defines the extent to which the Laboratory is obligated to order and the subcontractor is required to deliver and when funds will be committed (e.g. when a release is issued);
- A listing of Laboratory personnel by name, title, or by another specific identifier, authorized to make releases; and
- Delivery instructions. Deliveries should be accompanied by delivery tickets or sales slips that contain, at a minimum:
  - Name of the subcontractor;
  - Subcontract and/or release numbers;
  - Date of release;
  - Itemized list of goods shipped or services provided;
  - Quantity, unit price, and total price of each item, less applicable discounts; and
  - Name of the individual who authorized the order; and
  - For a service performed on-site, when required by the blanket agreement, the signature of the Laboratory employee who witnessed/acknowledged performance of the service.
- Invoice instructions. Payment must be supported by a receiving report or written documentation such as signed receipts, authorized invoices, certification, etc. (See SP 32.1, *Payments*.)

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**Completion** — A blanket subcontract is considered complete when the term has expired, all deliveries have been made and accepted, and all invoices have been paid. (See SP 42.4, *Subcontract Closeout*.) Releases placed before expiration of the subcontract term should be completed prior to the expiration date. If the work is not complete, the subcontractor shall continue performance to complete only the outstanding orders.

**Releases** — The method by which releases (service and delivery orders) may be issued (i.e., orally, written, or electronically) must be stated in the subcontract. No release may be placed:

- By an unauthorized releaser;
- In excess of the authority of an unauthorized releaser;
- In violation of the minimum or maximum order limitations, if such limitations are included in the blanket subcontract;
- If the cumulative value of the releases will exceed the subcontract ceiling; or
- After the subcontract term has been completed.

The processing of releases to the subcontractor must meet the following requirements:

- There must be a programmatic requirement;
- Releases must be within the scope of the subcontract;
- A release must be specific to a deliverable and associated cost; and
- A release becomes a component of the subcontract.

**Documenting Releases** — The essential elements of each release should be documented in the release file and/or captured in a computer database.

**Authorized Releasers** — Laboratory personnel may be delegated authority to issue releases against blanket subcontracts. The authorized releasers:

- Must be listed in the blanket subcontract **by name, by title, or by other specific identifier**;
- Must be assigned stated levels of authority; and
- Must forward all releases exceeding their authorities to the procurement specialist for issuance.

Note: Failure to comply with this procedure may result in the removal of a releaser's delegation of authority.

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### Optional Elements

Depending upon the nature of the goods or services being acquired, the following elements may be included in a blanket subcontract, when appropriate:

**Definite Quantity Subcontract** — A Definite Quantity subcontract may be used when a known quantity of goods or services will be required during the subcontract period and the goods or services are regularly available or will be available after a short lead-time. Solicitations and subcontracts for definite quantities should include the following elements:

- The quantities of goods or services to be furnished within the subcontract period;
- An obligation of funds upon award of the subcontract;
- The Laboratory's obligation to order the specified quantities;
- The Laboratory's right to place any number of orders, unless otherwise specified; and
- The quantities and locations for delivery.

**Indefinite Quantity Subcontract** — An Indefinite Quantity subcontract may be used when the Laboratory cannot predetermine, above a specified minimum, the precise quantities of goods or services that will be required during the subcontract period and it is inadvisable for the Laboratory to commit itself for more than a minimum quantity. The solicitation should include the estimated usage and minimum quantities to be purchased. The minimum quantity, which must be included in the subcontract, should be more than a nominal quantity, but should not exceed the amount that the Laboratory is fairly certain to order.

**Requirements Subcontract** — A Requirements subcontract may be used when the Laboratory anticipates recurring needs. Requirements should include an estimated amount, but not a predetermined, precise quantity of goods or services. If feasible, the subcontract should specify the maximum limit of the subcontractor's obligation to deliver and the Laboratory's obligation to order. The subcontract may also specify minimum or maximum quantities that the Laboratory may order under each release and the maximum that it may order during a specified period of time. A Requirements-type subcontract obligates the Laboratory to purchase all of its needs for the goods or services covered by the subcontract, up to the specified maximum limit from the subcontractor.

### RESPONSIBILITIES:

#### Procurement Specialist

The procurement specialist must:

- Identify the elements of the blanket subcontract that best suit the Laboratory's requirements and select the most appropriate blanket subcontract type;

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- Ensure that each solicitation and subcontract addresses all of the required elements for blanket subcontracts; and
- Designate the authorized releasers in the subcontract **by name, title, or another specific identifier**;
- Ensure that authorized releasers are aware of their responsibilities and limitations;
- Ensure that any invoice for an unauthorized release or a release by an unauthorized individual is not paid unless the transaction has been ratified. (See SP 1.3, *Ratification of Unauthorized Commitments*);
- Periodically review the release file or computer database to ensure that:
  - Only authorized releasers issued releases,
  - The individual releases do not exceed the authority of the authorized releasers;
  - Releases do not violate the minimum or maximum order limitations, if such are included in the blanket subcontract;
  - The cumulative value of the releases does not exceed the subcontract ceiling, and
  - Releases are only issued during the subcontract term.

### **Authorized Releaser**

An authorized releaser must:

- Perform within authority limits specified within the blanket subcontract;
- Comply with the terms and conditions of blanket subcontracts;
- Forward all releases exceeding authority to the procurement specialist for issuance;
- Respond to all procurement specialist requests for information in a timely fashion.

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<b>Elements</b>	<b>Blanket Purchase Agreement</b>	<b>Blanket Subcontract</b>	<b>Basic Ordering Agreement</b>
Agreement on Terms and Conditions	X	X	X
Prenegotiated Prices		X	Optional
EEO Preaward Compliance Required (exceeding \$10 million)		X	X
Releases Issued by Authorized Laboratory Personnel	X	X	
Small Purchase Limitation on Releases	X		
Oral Releases Authorized	X	X	